

Arent, Fox, Kintner, Plotkin & Kahn

Washington Square 1050 Connecticut Avenue, N.W.
Washington, D.C. 20036-5339

RECORDED BY 15489-A

JUL 19 1988-3 12 PM

INTERSTATE COMMERCE COMMISSION

John D. Hushon
(202) 857-6290

July 19, 1988
JDH-88/159

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

No. 8-201A057

Date JUL 19 1988

Fee \$13.00

Re: File No. 15489

ICC Washington, D. C.

Dear Madam:

I enclose for your recordation in accordance with 49 U.S.C. §11303 executed and notarized copies of Amendment No. 1 to Security Agreement dated July 13, 1988. The Security Agreement amended by this Amendment No. 1 was filed with your office on February 1, 1988 and assigned File No. 15489. The names and addresses of the parties to the above document are as follows:

Grantors:

PLM International, Inc.
655 Montgomery Street, Suite 1200
San Francisco, California 94111
Attention: Robert S. Leichtner
Vice President and General Counsel

Secured Parties:

Citicorp North America
601 Midland Avenue
Rye, New York 10580
Attention: Aircraft/Special Projects

Security Pacific National Bank
1 Embarcadero Center
San Francisco, California 94111

Collateral Covered:

The railcars listed on Schedule I-A to the Amendment and the Lease with respect thereto attached as Exhibit A to the Amendment.

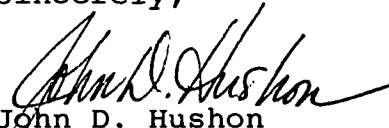
Secretary
July 19, 1988
Page 2

Previous filings have been made with the ICC with respect to the railroad cars described above on February 1, 1988 (Document No. 15489).

A filing fee is enclosed. I would appreciate your filing one counterpart of the foregoing three documents under the provisions of 49 U.S.C. §11303 and stamping the additional copies of each of the documents for return to the parties involved in the transaction. We would also appreciate your returning to us a stamped copy of this transmittal letter, which is enclosed.

The undersigned certifies that he is acting as special ICC counsel in this transaction, that he has reviewed the above described documents and that the summary description contained in this transmittal letter is accurate.

Sincerely,



John D. Hushon

Enclosures

Interstate Commerce Commission

Washington, D.C. 20423

7/19/88

OFFICE OF THE SECRETARY

John D. Hushon

Arent, Fox, Kintner, Plotkin & Kahn

Washington Square

1050 Connecticut Avenue

Washington, D.C. 20036- 5339

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 7/18/88 at 3:00pm, and assigned recordation number(s). 15489-A

Sincerely yours,



Secretary

Enclosure(s)

AMENDMENT NO. 1 TO SECURITY AGREEMENT

154/87 A
JUL 19 1988-3 12 PM
INTERSTATE COMMERCE COMMISSION

This AMENDMENT NO. 1 TO SECURITY AGREEMENT ("Amendment") dated as of July 13, 1988, is made by PLM INTERNATIONAL, INC., a Delaware corporation ("Grantor"), to CITICORP NORTH AMERICA, INC., a Delaware corporation ("CitiNA") and SECURITY PACIFIC NATIONAL BANK, a national banking association ("SPNB") (CitiNA and SPNB are referred to hereinafter collectively as the "Lenders"), and amends that certain Security Agreement dated as of January 22, 1988 between the Grantor and the Lenders.

RECITALS

A. Pursuant to a Security Agreement ("Security Agreement") dated as of January 22, 1988, between the Grantor and the Lenders, the Grantor has granted to the Lenders a security interest in certain rolling stock, and in Grantor's interest in any lease thereof. The Grantor desires to acquire additional rolling stock ("New Rolling Stock") with certain collateral ("Collateral") in which the Lenders have previously been granted a security interest. The Lenders have agreed to release their security interest in the Collateral so that the Grantor may acquire the New Rolling Stock, provided that the Lenders shall have been granted a security interest in the New Rolling Stock and in Grantor's interest in any lease ("Lease") of the New Rolling Stock.

B. The Grantor and the Lenders desire to amend the Security Agreement in order to make the New Rolling Stock and all Leases a part of the collateral covered by the Security Agreement and subject to all the terms and conditions contained therein.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to release their security interest in the Collateral, the Grantor and the Lenders hereby agree as follows:

1. Grant of Security

Schedule I to the Security Agreement is hereby amended by adding to said Schedule the New Rolling Stock listed in Schedule I-A hereto and the Leases attached as Exhibits A and B hereto.

2. Express Amendment

Except as specifically provided herein, the Security Agreement shall continue in full force and effect.

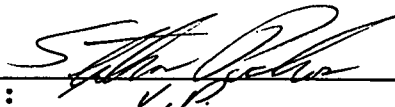
3. Counterparts

This Amendment may be signed in any number of counterparts, and by different parties hereto in separate counterparts, with the same effect as if the signatures to each such counterpart were upon a single instrument. All counterparts shall be deemed an original of this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first above written.

GRANTOR:

PLM INTERNATIONAL, INC.

By 
Title: V. P. [unclear]

LENDERS:

CITICORP NORTH AMERICA, INC.

By _____
Title: _____

SECURITY PACIFIC NATIONAL BANK

By _____
Title: _____

3. Counterparts

This Amendment may be signed in any number of counterparts, and by different parties hereto in separate counterparts, with the same effect as if the signatures to each such counterpart were upon a single instrument. All counterparts shall be deemed an original of this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first above written.

GRANTOR:

PLM INTERNATIONAL, INC.

By _____
Title: _____

LENDERS:

CITICORP NORTH AMERICA, INC.

By _____
Title: _____ VICE PRESIDENT

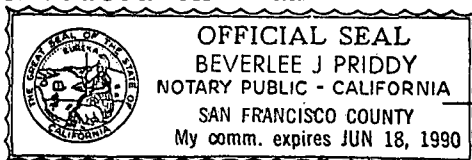
SECURITY PACIFIC NATIONAL BANK

By _____
Title: _____

STATE OF CALIFORNIA)
) SS
CITY AND COUNTY OF SAN FRANCISCO)

On June 28, 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared Stephen Pochos, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as Vice President of PLM International, Inc., one of the corporations therein named and acknowledged to me that said corporation executed the same.

NOTARY SEAL



Beverlee J. Priddy
NOTARY PUBLIC

STATE OF CALIFORNIA)
) SS
CITY AND COUNTY OF SAN FRANCISCO)

On _____, 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as _____ of Citicorp North America, Inc., one of the corporations therein named and acknowledged to me that said corporation executed the same.

NOTARY SEAL

NOTARY PUBLIC

STATE OF CALIFORNIA)
) SS
CITY AND COUNTY OF SAN FRANCISCO)

On _____, 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as _____ of Security Pacific National Bank, the national banking corporation therein named and acknowledged to me that said national banking association executed the same.

NOTARY SEAL

NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss
CITY AND COUNTY OF SAN FRANCISCO)

On _____ 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as _____ of PLM International, Inc., one of the corporations therein named and acknowledged to me that said corporation executed the same.

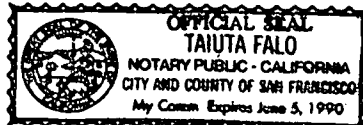
NOTARY SEAL

NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss
CITY AND COUNTY OF SAN FRANCISCO)

On JULY 13, 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared EDWARD JAECKEL, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as VICE PRESIDENT of Citicorp North America, Inc., one of the corporations therein named and acknowledged to me that said corporation executed the same.

NOTARY SEAL

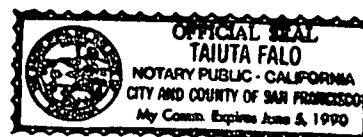


Taiuta Falo
NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss
CITY AND COUNTY OF SAN FRANCISCO)

On JULY 13, 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared MILT ANDERSON, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as VICE PRESIDENT of Security Pacific National Bank, the national banking corporation therein named and acknowledged to me that said national banking association executed the same.

NOTARY SEAL



Taiuta Falo
NOTARY PUBLIC

SCHEDULE I-A

Road Nos.

PLMX11133
PLMX70229
PLMX70231
PLMX70232
PLMX70233
PLMX70234
PLMX70235
PLMX70236
PLMX70237
PLMX70238
PLMX70239

LEASE AGREEMENT FOR
RAILROAD CARS

EXHIBIT A

This Lease Agreement dated as of the 28th day of April, 1988 (the "Agreement"), by and between PLM International, Inc., a Delaware corporation ("Lessor"), and Union Pacific Railroad Company, a Utah corporation ("Lessee").

IDENTITY OF LESSOR

The parties hereto recognize and acknowledge that PLM Investment Management, Inc. ("IMI") is acting as agent for Lessor in the administration of this Agreement. Lessee agrees to cooperate with IMI and/or Lessor for the purpose of complying with any reasonable requirements of any lender, the Interstate Commerce Commission or the provisions of Article 9 of the Uniform Commercial Code provided such cooperation does not materially affect the rights or liabilities of Lessee hereunder. Except as otherwise provided, this Agreement shall be administered by IMI, or such other third person or entity as Lessor may from time to time identify; provided, however, that any such assignment to such third person or entity shall not be effective against Lessee until Lessee is so notified of such assignment.

WITNESSETH:

1. Lease. Lessor agrees to furnish and lease to Lessee, and Lessee agrees to accept and use upon the terms and conditions herein set forth, the cars covered by the riders attached hereto and such additional riders as may be added hereto from time to time by agreement of the parties, and any and all other cars delivered to and accepted by Lessee. Each such rider shall set forth the number of cars, the rental rate, term of use, car numbers, and other pertinent information that may be desired by both parties. All cars leased pursuant to such riders, or otherwise delivered to and accepted by Lessee, are subject to the terms of this Agreement.

2. Delivery. Lessor agrees to deliver the cars to Lessee at such point or points as may be agreed to by the parties. Lessor's obligation as to such delivery shall be excused during the pendency of delays resulting from causes beyond its control. Lessee agrees to use the cars exclusively in its own service, except as hereinafter provided, and none of the cars shall be shipped beyond the boundaries of Canada or the United States except with the prior written consent of Lessor.

3. Rent.

(a) Lessee agrees to pay the rental charges with respect to each of the cars from the date of delivery thereof and until such car is returned to and accepted by Lessor. Each monthly rental charge shall be paid in advance on the first day of the month, prorating, however, any period which is less than a full month on the basis of a month of thirty (30) days. Lessee acknowledges and agrees that the obligation of Lessee to make payments hereunder shall be absolute and unconditional under any and all circumstances, regardless of any right of abatement, recoupment, setoff, counterclaim, defense, suspension, deferment, diminution, reduction or any other right of Lessee or the lack of any conflicting notice from Lessor, provided however,

nothing herein contained shall limit Lessee's right to otherwise claim damages from Lessor. Such rental charges shall be paid to Lessor at the address set forth in the riders to this Agreement.

(b) Within a reasonable period of time after the end of each calendar year of the term hereof, and upon termination of this Agreement, Lessor shall, on the basis of mileage reported by railroads, determine the total number of miles that each car traveled during the calendar year or the portion thereof just ended, loaded and empty. If it is determined that any car traveled more than the number of miles set forth in a rider during such period or a pro rata portion thereof for a period of usage of less than twelve (12) full calendar months, Lessee, upon notice by Lessor, shall pay to Lessor, within fifteen (15) days of receipt of such notice, as additional rent for such car for such period, an amount equal to the additional usage rental set forth in a rider multiplied by the number of miles in excess of the product of (i) the number of miles set forth in a rider and (ii) the number of days during such year for which rent accrued divided by 365.

4. Acceptance. Each of the cars shall be subject to Lessee's inspection upon delivery to Lessee. Failure to report any defect in the car within a reasonable time after delivery of the car or the loading of each such car by Lessee or at its direction shall constitute acceptance thereof by Lessee and shall be conclusive evidence of the fit and suitable condition thereof for the purpose of transporting the commodities then and thereafter loaded therein or thereon.

5. Records. Lessor agrees to keep records pertaining to the movement of the cars, and Lessee agrees to promptly furnish Lessor, upon written request, with complete reports of the car movements. Lessor shall collect the mileage earned by the cars, and, subject to all rules of the tariffs of the railroads, Lessor shall credit to Lessee's rental account such mileage as and when received from the railroads, but in no event shall the aggregate amount of mileage credited exceed the aggregate monthly rentals for the term of this Agreement; PROVIDED, HOWEVER, that if mileage for the cars is received by Lessor after the expiration of the term of this Agreement, Lessor shall promptly refund to Lessee an amount equal to the rental credits owed to Lessee for said mileage.

6. Mileage. Lessee agrees to reimburse Lessor for any payment Lessor may be required to make to any railroad, due to mileage equalization where applicable, resulting from excess empty mileage incurred by the cars on such railroad. For the purpose of this paragraph, the railroad mileage and junction reports shall be prima facie evidence of the facts reported therein. In addition, if Lessor is required to make any payments to a railroad resulting from the empty movement of any of the cars while they are in Lessee's service, Lessee agrees to reimburse Lessor for such payments.

7. Loss or Damage. Lessee shall promptly notify Lessor upon receipt by Lessee of knowledge of any damage to any of the cars. Lessor shall, at its expense, perform, arrange, and pay for all maintenance and repairs made necessary by ordinary wear and tear, or otherwise necessary to keep the cars in good condition and repair under the Interchange Rules. Lessee shall not repair, or authorize the repair of, any of the cars without Lessor's prior written consent, except that running repairs (as specified in the Association of American Railroads rules for Interchange and the Canadian Transport Commission regulations) may be performed without prior written consent. The amount Lessor will pay for such running repairs shall not be in excess of the

basis, in effect at the time the repair is made, provided by the Association of American Railroads. If any car becomes unfit for service and requires repairs, other than repairs made by railroads, rental charges will cease five (5) days after receipt of such car at a shop authorized by Lessor, provided that Lessee has notified Lessor prior to the time the car is routed to shop. In the event Lessee fails to so notify Lessor, rental charges shall cease five days after receipt by Lessor of notification of the arrival of the car at a shop authorized by Lessor. In all cases, after a car has been repaired, rental charges will resume on the date the car is available for forwarding to Lessee. It is understood that no rental credits will be issued for cars in a shop for repairs which are Lessee's responsibility.

8. Removal from Service. In the event the physical condition of any car shall become such that the car cannot be operated in railroad service as determined by Lessor and Lessor elects to permanently remove such car from Lessee's service, the rental with respect to such car shall terminate upon the removal of such car. Lessor shall have the right, but shall not be obligated, to substitute for any such car another car of the same type and capacity and the rental in respect to such substituted car shall commence upon delivery of such substituted car to Lessee.

9. Lessee Responsibility. Lessee shall be responsible for and shall indemnify Lessor and hold Lessor harmless and does hereby release Lessor from the loss or destruction of, or damage to, the cars or any parts thereof, during the term; provided, however, Lessee shall not be responsible to the extent the then-prevailing Interchange Rules place responsibility upon a railroad subscribing to the Interchange Rules; and provided, further, that Lessee shall not be responsible if such loss, destruction, or damage to the cars or parts thereof was caused by the sole active negligence or willful misconduct of Lessor. Notwithstanding anything contained herein to the contrary, Lessee shall be responsible for and shall indemnify Lessor and hold Lessor harmless and does hereby release Lessor from the loss or destruction of, or damage to, a car or any part thereof during the term of this Agreement which shall (i) be occasioned by the misuse or negligence of Lessee, its consignee, agent or sublessee, (ii) occur while such car is on the tracks of Lessee or any private siding or track, or at the loading or unloading facility of Lessee or its consignee, agent or sublessee, or on the track of any railroad that does not subscribe to the Interchange Rules or any private or industrial railroad or (iii) be caused by any commodity which may be transported or stored in or on such car, provided, however, that Lessee shall not be responsible if such loss, destruction or damage to the cars or parts thereof was caused by the sole active negligence or willful misconduct of Lessor.



Lessee shall notify Lessor of the loss or destruction of any of the cars within two (2) days of the date of such event. The amount of loss resulting from the loss or destruction of a car shall be measured by its replacement value as determined immediately prior to the time of such loss or destruction. The "replacement value" shall equal the amount payable by a railroad subscribing to the Interchange Rules for the car if the car had been in the service of such railroad.

10. Loss or Damage to Lading. Lessor shall not be liable for any loss of or damage to commodities, or any part thereof, loaded or shipped in or on the cars, and Lessee agrees to assume financial responsibility for, to indemnify Lessor against, and to save it harmless from any such loss or damage, unless caused by the sole negligence of Lessor.

11. Appliances. Lessee, at its own expense, shall either replace or reimburse Lessor for the cost of replacing any appliance or removable part, if destroyed, damaged, lost, removed or stolen, unless the railroads transporting the cars have assumed full responsibility for such loss or damage, or unless such loss or damage results from the negligence or omission of Lessor, its agents or employees.

12. Linings. The application, maintenance, and removal of interior protective lining in any of the cars is to be performed by and at the expense of Lessee unless otherwise specifically provided for in the applicable rider.

13. Claims. Lessee agrees to indemnify and hold Lessor harmless from and against any loss, liability, claim, damage or expense (including, unless Lessee assumes the defense, the reasonable cost of investigating and defending against any claim for damages) arising out of or in connection with the use of the cars during the term of this Agreement, excepting, however, any loss, liability, claim, damage, or expense which accrues with respect to any of the cars (i) while such car is in a repair shop undergoing repairs; (ii) which is attributable to the negligence or omission of Lessor, its agents or employees; or (iii) for which a railroad or railroads have assumed full responsibility, including investigating and defending against any claim for damages.

14. Marks. Other than the restoration of Lessor's marks on the cars, no lettering or marking of any kind shall be placed upon any of the cars by Lessee except with the prior written consent of Lessor.

15. Load Limits. Lessee agrees not to load any of the cars in excess of the load limit stenciled thereon.

16. Charges. Lessee shall be liable for any demurrage, truck storage or detention charge imposed in connection with any of the cars as well as loss of or damage to any car while on any private siding or track or on any private or industrial railroad or in the custody of any carrier not subject to the Association of American Railroads Rules for Interchange or the Canadian Transport Commission regulations.

17. Sublease and Assignment. Lessee shall make no transfer or assignment of its interest under this Agreement in and to the cars without Lessor's prior written consent, and any attempted transfer or assignment without such consent shall be void, except that Lessee may sublease any of the cars to its customers for single trips consistent with its normal merchandising methods; provided, however, that notwithstanding any such sublease, Lessee shall continue to remain liable to Lessor under all conditions and terms of this Agreement. No right, title, or interest in any of the cars shall vest in Lessee by reason of this Agreement or by reason of the delivery to or use by Lessee of the cars, except the right to use the cars in accordance with the terms of this Agreement. Lessee shall keep the cars free of any lien or encumbrance created by or through Lessee and agrees to indemnify Lessor and hold Lessor harmless from any cost or expense, including attorneys' fees, with respect to such a lien or encumbrance.

18. Default. If Lessee defaults in the payment of any sum of money to be paid under this Agreement and such default continues for a period of three (3) days after notice to Lessee of such default; or if Lessee fails to perform any

covenant or condition required to be performed by Lessee which failure shall not be remedied within ten (10) days after notice thereof from Lessor to Lessee; or if Lessee shall dissolve, make or commit any act of bankruptcy, or if any proceeding under any bankruptcy, or insolvency statute or any laws relating to relief of debtors is commenced by Lessee, or if any such proceeding is commenced against Lessee and same shall not have been removed within thirty (30) days of the date of the filing thereof; or if a receiver, trustee, or liquidator is appointed for Lessee or for all or a substantial part of Lessee's assets with Lessee's consent, or if without Lessee's consent the same shall not have been removed within thirty (30) days of the date of the appointment thereof; or if an order, judgment or decree be entered by a court of competent jurisdiction and continue unpaid and in effect for any period of thirty (30) consecutive days without a stay of execution; or if a writ of attachment or execution is levied on any car and is not discharged within ten (10) days thereafter, Lessor may exercise one or more of the following remedies with respect to the cars;

(a) Immediately terminate this Agreement and Lessee's rights hereunder;

(b) Require Lessee to return the cars to Lessor at Lessee's expense, and if Lessee fails to so comply, Lessor may take possession of such car without demand or notice and without court order or legal process;

(c) Lease the cars to such persons, at such rental and for such period of time as Lessor shall elect. Lessor shall apply the proceeds from such leasing, less all cost and expenses incurred in the recovery, repair, storage, and renting of such cars, toward the payment of Lessee's obligations hereunder. Lessee shall remain liable for any deficiency, which, at Lessor's option, shall be paid monthly, as suffered, or immediately, or at the end of the term as damages for Lessee's default;

(d) Bring legal action to recover all rent or other amounts then accrued or thereafter accruing from Lessee to Lessor under any provision hereof; or

(e) Pursue any other remedy which Lessor may have.

Each remedy is cumulative and may be enforced separately or concurrently. If Lessee fails to perform any of its obligations hereunder, Lessor, at Lessee's expense, and without waiving any rights it may have against Lessee for such nonperformance, may itself render such performance. Further, Lessee shall reimburse Lessor for all costs and expenses including reasonable attorneys' fees expended by Lessor in the enforcement of its rights and remedies hereunder, and Lessee shall pay interest on any amount owing to Lessor from the time such amount becomes due hereunder at a monthly rate of one and one-half percent (1-1/2%); such rate to be reduced, however, to the extent it exceeds the maximum rate permitted by applicable law. In addition, Lessee shall, without expense to Lessor, assist Lessor in repossessing the cars and shall, for a reasonable time if required, furnish suitable trackage space for the storage of the cars.

If applicable, Lessor shall be entitled to the remedies of a Lessor under Section 1168 of the U.S. Bankruptcy Code.

19. Return Provisions. Upon the termination of each rider, Lessee agrees, subject to the provision of paragraph 8 above, to return the cars to Lessor at a point or points on Lessee's rail lines designated by Lessor, in the same or as good condition as received, ordinary wear and tear excepted, free and clear from all accumulations or deposits from commodities transported in or on the cars while in the service of Lessee. If any car is not returned to Lessor free from such accumulations or deposits, Lessee shall reimburse Lessor for any expense incurred in cleaning such car.

20. Taxes. All federal, state, provincial, and local taxes levied or assessed against the cars furnished Lessee under this Agreement, payable on account of the ownership of such cars, shall be paid by Lessor, and all returns and reports in connection therewith shall be made by Lessor. All taxes payable on account of or measured by the rental paid or the use of such cars (excluding any tax which is based solely upon or measured solely by Lessor's net income) shall be the responsibility of Lessee. In the event any taxes or assessments, other than those payable on account of ownership, are levied against the cars or the rental paid for the use of the cars covered by any rider to this Agreement by any federal, state, provincial or local authority, in addition to those taxes or assessments in effect on the effective date of such rider, Lessee agrees to pay to Lessor, in addition to any other amounts due, a sum equal to the amount of any such taxes or assessments.

In order to avoid recapture of any tax benefit claimed by Lessor with respect to the cars, including, but not limited to any deduction allowable under Section 168 and related Sections of the Internal Revenue Code of 1986 (the "Code"), Lessee shall (i) use the cars predominantly within the continental United States within the meaning of the Code, (ii) shall cause third parties having control over their use to use the cars predominantly within the continental United States, in accordance with the Code and (iii) shall not take any action that will cause the cars to be considered tax-exempt use property within the meaning of the Code.

If Lessor shall lose by disallowance, recapture or otherwise, any portion of said tax benefits as the result of any act committed by Lessee or Lessee's failure to take any act, Lessee agrees to pay Lessor or such owner a sum which, after deduction of all taxes required to be paid by Lessor or such owner in respect of the receipt thereof under the laws of the United States or any political subdivision thereof, shall be equal to the amount of the tax benefits so lost by Lessor or such owner, which sum shall be payable on written demand made at any time after payment of the tax attributable to the portion of the tax benefits lost; provided, however, that Lessee shall be under no obligation to indemnify Lessor for the amount of any tax benefits lost with respect to any car for which Lessee has paid to Lessor the replacement value set forth in Section 9 hereof.

21. Mortgages; Liens. It is understood that some or all of the cars furnished Lessee under this Agreement and Lessor's rights under this Agreement may at the time of delivery to Lessee or at some future time during the term of this Agreement be subject to the terms of any lien or encumbrance (a "Lien") including a Mortgage, Deed of Trust, Equipment Trust, Pledge, or Bill of Sale or similar security arrangement. Lessee agrees that any or all of the cars may be stenciled or marked to set forth the ownership of any such cars in

the name of the holder of any Lien (the "Lien holder") including a mortgagee, trustee, pledgee, assignee or security holder and that this Agreement and Lessee's rights hereunder are and shall at all times be subject and subordinate to any and all rights of any Lien holder. Lessee agrees that upon the written request of Lessor or any Lien holder at any time or from time to time, Lessee will enter into a written agreement with any Lien holder(s): (i) that the Lien(s) will have priority and be entitled to all rights therein as though the Lien were made before this Agreement and on the making of this Agreement Lessee had knowledge of the Lien; (ii) confirming the security created by the Lien and rights given to the Lien holder(s); and (iii) postponing and deferring this Agreement and its rights hereunder and to the cars and agreeing that they will be subject and subordinate to the Lien(s) and the rights of the Lien holder.

This Agreement and/or any of Lessor's rights hereunder, including rentals, may have been assigned and may in the future be assigned to any Lien holder(s) or others. Lessee hereby consents to and accepts any such Assignment. Lessee acknowledges notice of any such Assignment and of any Lien which is filed under Section 11303 of the Interstate Commerce Act of the United States of America. However, Lessee is to pay all rentals hereunder to Lessor and have all its dealings hereunder with Lessor until notified to the contrary by any person proving to Lessee's reasonable satisfaction that he is the assignee of this Agreement and/or the relevant rights of Lessor hereunder and is entitled to intervene. Lessee represents that it has received no notice of any other mortgage, charge, hypothecate or encumbrance on or of any assignment, sale or disposition of any car covered hereby or of any of Lessor's rights hereunder. Lessee agrees that no claim or defense which Lessee may have against Lessor shall be asserted or enforced against any assignee or this Agreement and/or any rights of Lessor hereunder.

22. Notices. Any notice, demand or request required or permitted to be made, given or served by either party to or upon the other hereunder, shall be in writing and shall be deemed to have been made when deposited in the United States or Canada mail, certified or registered mail, postage prepaid and addressed to Lessor or Lessee at the address set forth in a rider to this Agreement.

23. Successors. This Agreement shall be binding upon the parties hereto, their respective successors, assigns and legal representatives; and shall remain in full force and effect from the date hereof until the completion of the leasing arrangement shown on attached riders of the last car or cars hereunder, and all such cars are returned to Lessor.

24. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California.

25. Insurance. Lessee shall, at all times prior to the return of the cars to Lessor in accordance with the terms of this Agreement and during any storage period, at its own expense, cause to be carried and maintained public liability and property damage insurance in respect of the cars against the risks and in the amounts, if any, customarily insured against by Lessee in respect to similar equipment owned or leased by it. Notwithstanding anything to the contrary in this paragraph 25, Lessee shall be permitted to provide for customary deductibles and/or self insurance.

26. Additional Provisions. Additional provisions of this Agreement may be set forth in a rider, which, if executed by Lessor and Lessee, is incorporated herein by this reference.

27. Representations and Warranties of Lessee. Lessee represents and warrants that, as of the date of this Agreement:

(a) Lessee is a corporation duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and is either duly qualified to do business and is in good standing in such other jurisdictions in which the business and activities of Lessee require such qualification, or its failure to so qualify in such other jurisdiction will not have a material adverse impact on this Agreement.

(b) Lessee has full corporate power to enter into this Agreement.

(c) The Agreement had been duly authorized, executed, and delivered by Lessee, and constitutes a valid, legal and binding agreement, enforceable in accordance with its terms.

(d) No approval is required by Lessee from any governmental or public body or authority with respect to the entering into or performance of this Agreement.

(e) The entering into and performance of this Agreement will not conflict with, or result in a breach of, the terms, conditions, or provisions of (i) any law, or any regulation, order, injunction, permit, franchise, or decree of any court or governmental instrumentality, and (ii) any indenture, agreement, or other instrument to which Lessee is party or by which it or any of its property is bound.

(f) Lessee is neither an organization described in Section 48(a)(4) nor a governmental unit described in Section 48(a)(5) of the Internal Revenue Code of 1986.

28. Modifications. In the event the U.S. Department of Transportation, or any other governmental agency or non-governmental organization having jurisdiction over the operation, safety or use of railroad equipment, requires that Lessor add, modify, or in any manner adjust the cars subject to this Agreement in order to qualify them for operation in railroad interchange, Lessee agrees to pay an additional monthly charge of \$1.75 per car for each \$100 expended by Lessor on such car, or such other monthly charge in lieu thereof, as may be provided for modifications, in any rider hereto, in any case, effective as of the date the car is released from the shop after application of such additions, modifications or, adjustments (hereinafter the "Modifications"). No rental credits will be issued on cars entering the shop for any Modifications for the first thirty (30) days. In the event Lessor, in its sole discretion, determines, prior to making any Modifications, that the cost thereof is not economical to expend in view of the estimated remaining useful life of such car, and Lessor elects to permanently remove such car from Lessee's service rather than have such car taken to a car shop for such Modifications, the rental with respect to such car shall terminate upon the date specified in writing by Lessor, provided that such date must be prior to the date the Modifications are so required to be made.

29. Captions. Captions to any provision of this Agreement are for ease of reference only and are not to be construed to be part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement (such execution may be by two or more counterparts, each of which shall be deemed an original) the day and year first above written.

LESSEE:

UNION PACIFIC RAILROAD COMPANY

By: *L.D. Oakes*

Title: *AVP Ops Admin*

LESSOR:

PLM INTERNATIONAL, INC.

By: *Stephen L. L...*

Title: *V.P.*

RMC-038

RIDER 1-1

LEASE DATED APRIL 28, 1988

UNION PACIFIC RAILROAD COMPANY

IX. ADDRESSING OF NOTICES:

Lessee to Lessor

PLM International, Inc.
655 Montgomery Street, Ste. 1200
San Francisco, California 94111

Lessor to Lessee

Union Pacific Railroad Company
1416 Dodge Street
Omaha, Nebraska 68179
Attn: Manager, Equipment Planning

Lessor:

PLM INTERNATIONAL, INC.

Lessee:

UNION PACIFIC RAILROAD COMPANY

By: 

By: 

Title: V.P.

Title: AVP Op Admin

Date: 6/6/88

Date: 6/1/88

RIDER 1-1

LEASE DATED APRIL 28, 1988

UNION PACIFIC RAILROAD COMPANY

I. NUMBER OF CARS:

Ten (10)

II. DESCRIPTION OF CARS:

4,000 cu. ft. open top gravity outlet, coal hopper cars equipped with rotary couplers

III. TERM:

Date of Delivery until June 30, 1990

IV. RENTAL RATE:

\$400.00 per car per month

V. ANTICIPATED DELIVERY PERIOD:

May, 1988

VI. PLACE OF DELIVERY:

Sullivan, IL UP/MP delivery

VII. MILEAGE ALLOWANCE AND ADDITIONAL USAGE RENTAL:

\$0.03 per mile over 100,000 miles traveled per year

VIII. THE CARS MAY BE USED ONLY FOR THE TRANSPORTATION OF THE FOLLOWING TYPES OF COMMODITIES;

Coal

RIDER 1-2

LEASE DATED APRIL 28, 1988

UNION PACIFIC RAILROAD COMPANY

IDENTIFICATION OF PRINCIPAL

CAR NUMBERS

PLM INTERNATIONAL, INC.

PLMX 70229
70231
70232
70233
70234
70235
70236
70237
70238
70239

RIDER 1-3

LEASE DATED APRIL 28, 1988

UNION PACIFIC RAILROAD COMPANY

CERTIFICATE OF ACCEPTANCE OF
RAILROAD CAR

This Certificate relates to the railroad cars listed below leased by PLM International, Inc. to Union Pacific Railroad Company under a Lease Agreement for Railroad Cars dated April 28, 1988 (the "Lease") into which this Certificate is incorporated (by Section 4 thereof).

RAILROAD CAR NUMBERS

PLMX 70229, 70231 - 70239

Lessee hereby certifies its acceptance of the railroad cars.

Lessee hereby certifies that the representations and warranties of Lessee contained in the Lease are true and correct on the date hereof.

Executed: 6-1-88

UNION PACIFIC RAILROAD COMPANY
"Lessee"

By: A.B. Schenck

RMC-038

EXHIBIT B

LEASE AGREEMENT FOR RAILROAD CARS

This Lease Agreement dated as of the 5th day of August, 1986 (the "Agreement"), by and between PLM Investment Management, Inc. ("IMI"), a California corporation, and Texasgulf Inc., a Delaware corporation ("Lessee").

IDENTITY OF LESSOR

IMI is entering into this Agreement for its own account and/or as agent for, and to the extent of, the principals who may own the cars which are to be leased hereunder to Lessee and which cars are described more particularly in the attached Exhibit A (such cars being hereinafter collectively referred to as the "cars" and separately as a "car"). The principals, if any, will, as of the date the cars are delivered hereunder, have entered into management agreements (the "management agreements") with IMI, which authorize IMI to enter into leases on their behalf. IMI warrants that it has the authority to enter into this Agreement and Lease the cars for the entire term of this Agreement. (A copy of the form of such management agreements will be made available to Lessee upon request.) IMI and such principals are collectively referred to as "Lessor." Lessor shall, from time to time, provide Lessee with the name of the principals, if any, who own the cars. Once IMI has identified the principals who own the cars to Lessee, IMI shall be released from any obligation under this lease except as agent for such principals.

Unless otherwise provided in writing, the following provisions apply to the lease and use of privately owned cars supplied by IMI:

Article 1: Lease

Lessor shall furnish and lease to Lessee, and Lessee shall accept, and use, the cars on the terms and conditions set forth herein and in the exhibits attached hereto.

Article 2: Term

The term of this Agreement with respect to each car shall commence upon the delivery of such car to Lessee in the manner set forth in Article 3 and, except as otherwise provided herein, shall terminate on the earlier of the date Lessor is notified of the loss or destruction of such car or, with respect to all cars leased hereunder, at the end of the number of months set forth in Exhibit B from the first day of the calendar month immediately following the month in which the first of the cars leased hereunder is delivered to Lessee; provided, however, that without limiting any other rights Lessor may have against Lessee, if Lessee is responsible for such loss or destruction of a car under Section 9.3, this Agreement with respect to such car shall continue until Lessee pays to Lessor the replacement value of such car as determined under the rules of the Association of American Railroads at the time of such loss or destruction. Notwithstanding the expiration or termination of this Agreement, the obligations of the Lessee hereunder shall

continue in effect with respect to each car until each such car is returned to the possession of Lessor in accordance with Article 14 or settlement is made for such car in accordance with Section 9.4.

Article 3: Delivery

3.1 Date of Delivery

Lessor shall deliver or cause the cars to be delivered to Lessee during the anticipated delivery period set forth in Exhibit B. The obligation of Lessor to deliver the cars in total or in part, shall be excused, and Lessor shall not be liable, for any causes beyond the reasonable control of Lessor (including, but not limited to, delays caused by fire, labor difficulties, delays of carriers and materialmen, governmental authority, or late delivery by the manufacturer or prior lessee of the cars). Lessee shall have the right to terminate this Lease with regard to some or all of the cars if delivery is delayed beyond a reasonable period, or if the delay is unduly burdensome to Lessee. Lessee shall have the right to reject any car not in interchange condition (i.e., fit and suitable for operation under the Interchange Rules (infra) or fit and suitable for the carriage of the commodities contemplated to be shipped by Lessee) at the time of delivery, provided that Lessor shall have the right immediately to make repairs to any rejected car and to deliver it to Lessee.

3.2 Place of Delivery

Lessor shall cause the cars to be delivered to Lessee at the location(s) set forth in Exhibit B.

3.3 Cost of Delivery

All transportation charges related to the delivery of the cars to the location(s) set forth in Exhibit B shall be borne by the party indicated in Exhibit B.

Article 4: Acceptance of Cars

Lessee may elect to inspect each car to determine if it (i) complies with the description set forth in Exhibit A and (ii) is fit and suitable for operation as those terms are defined in the Field Manual and the Office Manual of the Interchange Rules (the "Interchange Rules") adopted by the Association of American Railroads ("AAR") or fit and suitable for the carriage of the commodities contemplated to be shipped by Lessee. Upon such inspection, Lessee shall, if such car complies with the requirements of the preceding sentence, deliver to Lessor a Certificate of Acceptance in the form attached as Exhibit C. Lessee shall not reject delivery of any car delivered hereunder if, with respect to such car, Lessee shall (i) load, or otherwise use the car, or (ii) fail to notify Lessor, within 15 days of the delivery thereof, of Lessee's rejection of the car and the specific reasons why the car does not meet the applicable standards set forth in Exhibit A or the

Interchange Rules. If Lessee rejects any car, Lessor shall have the right to have the rejected car inspected by an inspector acceptable to both Lessor and Lessee. Lessee shall be deemed to have accepted any car for which the inspector determines good cause for rejection did not exist. If the inspector determines good cause for rejection did not exist, Lessee shall pay the expenses of the inspection, including the fees of the inspector. The decision of the inspector shall be final and binding upon the parties. Lessee's acceptance, however effected, shall be deemed effective as of, and the monthly rental shall accrue from, the date a car is delivered to Lessee.

Article 5: Markings

At the time of delivery of the cars by Lessor to Lessee, the cars will be plainly marked on each side with the identification marks selected by IMI. If such markings shall at any time be removed or become illegible, wholly or in part, Lessee shall immediately cause such markings to be restored or replaced at Lessee's expense. Lessee shall not otherwise place, nor permit to be placed, any lettering or marking of any kind upon the cars without notifying Lessor. During the term of this Lease, Lessee may at Lessee's sole cost and expense, place Lessee's own reporting marks on the cars provided Lessee, in letters no smaller than 1 inch in height, places on each car the legend "Leased from PLM Investment Management, Inc.".

Article 6: Payment of Rentals

The monthly rental with respect to each car shall be as set forth in Exhibit B, and, subject to Article 2, shall accrue from (and including) the date Lessee's acceptance of such car is deemed effective to (and excluding) the date such car is redelivered in accordance with Article 14. The rental shall be payable to Lessor at the address set forth in Exhibit B, without deduction, reduction, set off or counter claim, except related to this Agreement, in advance, on or before the first day of each month during the term hereof; provided, however, that the rental for each car for the month in which it is delivered shall be prorated for the number of days (including the day of delivery) remaining in such month and shall be payable on or before the first day of the next succeeding calendar month. Rental shall be excused if Lessee is deprived of the use of any cars because of wrecks, substantial damage, latent defects to a car or the occurrence of an event of force majeure. The amount by which rental payments for any month shall exceed the pro rata rental due for the cars leased to Lessee during such month shall be credited against the rental due pursuant to the rental invoice submitted to Lessee during the following month, or if all the cars have been redelivered by Lessee in accordance with Article 14 as of the end of such month and any amount due to Lessee exceeds any amount due from Lessee the following month, such excess shall be paid to Lessee during such following month.

Article 7: Mileage Allowance

Collection

Any per diem or mileage allowances, rentals and/or other compensation payable by railroads by reason of the use of the cars (hereinafter referred to as "allowances") shall be collected by the party whose markings appear on the cars.

To the extent that Lessee shall be entitled to such allowances and to the extent such allowances shall be received by Lessor, Lessor shall do so as the agent (solely for that purpose) of Lessee, and such allowances shall be paid to Lessee within a reasonable time.

Article 8: Title and Usage

8.1 Title to the Cars

Lessee acknowledges and agrees that by the execution of this Agreement it does not obtain, and by payments and performance hereunder, it does not, and will not, have or obtain any title to the cars or any property right or interest therein, legal or equitable, except solely as Lessee hereunder and subject to all of the terms hereof. Lessee shall keep the cars free from any liens or encumbrances created by or through Lessee.

8.2 Usage of the Cars

Lessee will use the cars for the purpose set forth in Exhibit A and will not use the cars for any other purpose without the written approval of Lessor. Lessee agrees to use its best reasonable efforts not to load any of the cars in excess of the load limit stencilled thereon or the limit, if any, set forth in Exhibit A; and, except with respect to the repair of cars, Lessee shall not 1) cut or weld any part of car or cars without the prior written consent of Lessor, or, if the cars are equipped with unloading gates, 2) apply heat to the gates to open them, or for any other purpose.

8.3 Tax Indemnity

Lessee hereby acknowledges that IMI (or the principal(s) for whom IMI acts as agent) have claimed or will claim with respect to the cars the investment tax credit allowable pursuant to Section 38 of the Internal Revenue Code of 1954, as amended (the "Code"), for "Section 38 property" as defined in Section 48(b) of the Code and the deduction under the Accelerated Cost Recovery System on the cars under the Code based upon the recovery method (collectively, the "Tax Benefits"). Lessee shall not permit the cars to be used by any organization described in Section 48(a)(4) of the Code or by a governmental unit described in Section 48(a)(5) of the Code. Lessee further acknowledges that the Tax Benefits with respect to the cars would not be allowable in the taxable year claimed, or the Tax Benefits previously claimed with respect to the cars would be recaptured, if the cars were to be used predominantly

outside the United States within the meaning of Section 48(a)(2)(A) of the Code and therefore agrees to use each car so that the Tax Benefits as permitted by the Code (or any amendment thereof or successor legislation) may be claimed with respect to each car (and not be recaptured or disallowed), but in no event to use each car outside the boundaries of the continental United States unless permitted by Exhibit A, and if so permitted, for no more than the period allowable as set forth in Exhibit A.

If as a result of Lessee's violation of the provisions of this section 8.3 all or any portion of the Tax Benefits shall be unavailable to Lessor (each principal, for this purpose, being treated as a separate Lessor) Lessee shall be required to pay to Lessor an amount which, after deduction of all taxes actually required to be paid by such Lessor on such amount under the laws of any federal, state, local or foreign taxing authority, shall be equal to the sum of (1) the aggregate amount of additional federal income tax (including interest and penalties) payable by such Lessor by reason of any recapture of investment tax credit resulting from such violation and (2) the then present value of the net increase in tax (including interest and penalties) payable by such Lessor by reason of the unavailability or recapture of depreciation deductions under 168(b) of the Code (and concomitant allowance of depreciation under any other section of the Code) resulting from such violation. For purposes of clause (2) of the preceding sentence, depreciation deductions shall be assumed to reduce Lessor's taxes by the product obtained by multiplying such deductions by the sum of (i) the highest marginal federal income tax rate applicable to such Lessor (for taxable years beginning before July 1, 1987) or 34% (for taxable years beginning on or after July 1, 1987) and (ii) 66% of the highest marginal tax rate applicable to Lessor as of the date hereof in California; present value calculations shall be made using a discount rate of 10%.

8.4 Lessee's Right to Transfer or Assign

Lessee shall not transfer or assign the cars or its interest and obligations hereunder, nor shall a transfer or assignment by operation of law or otherwise of Lessee's interest in the cars or this Agreement be effective against Lessor, without Lessor's prior written consent, which consent shall not be unreasonably withheld; provided, however, that notwithstanding the foregoing, Lessee shall have the right to sublet any or all of the cars to such sublessees as Lessee may deem appropriate, and no consent of Lessor thereto shall be necessary, provided that no sublessee shall be permitted to use any of the cars outside the United States so as to cause the loss or recapture of the Investment Tax Credit for the cars for United States federal income tax purposes, nor shall any sublessee be an organization described in Section 48(a)(4) of the Internal Revenue Code (subject to the exceptions contained therein) or a governmental unit described in Section 48(a)(5) of the Internal Revenue Code unless Lessee agrees, in writing, to indemnify Lessor for any such loss of tax benefits in a form reasonably satisfactory to Lessor. No transfer or assignment of this Agreement, or of the cars shall

relieve Lessee from any of its obligations to Lessor hereunder. Any sublease permitted under this Section 8.4 shall include an acknowledgement of the interest of Lessor's mortgagee (if any) in the cars.

8.5 Use of Cars on Certain Roads Under AAR Circular OT-5 Series

Upon the written request of Lessee (which request shall name the railroads involved) Lessor shall use reasonable efforts to cooperate with Lessee to obtain from each named railroad with respect to the cars Authority to Place Privately Owned Freight Cars (other than tanks) in service under the Provisions of AAR Circular OT-5 Series as promulgated by the AAR and all supplements thereto and reissues thereof (such authority hereinafter called the "consent(s)"). Lessor shall furnish to Lessee such information as Lessee may request to apply for and obtain such consents. Lessor, however, shall not be liable for failure of Lessee to obtain such consents for any reason whatsoever and this Agreement shall remain in full force and effect notwithstanding any such failure. However, if Lessee is unable to obtain consents for the cars or any of them, Lessor shall assist Lessee in attempting to obtain a new creditworthy Lessee for any such car or cars, provided that Lessee shall not be excused from any of its obligations under this lease if Lessor, after making reasonably diligent effort, is unable to locate a suitable, creditworthy lessee.

Article 9: Maintenance and Repairs

9.1 Maintenance Responsibility

Except as otherwise provided in Exhibit B to this Agreement, Lessee shall, at its expense, perform or arrange and pay for the performance of all maintenance and repair services on the cars.

9.2 Alterations

Lessee shall not alter the physical structure of any of the cars without the prior written consent of Lessor.

9.3 Responsibility for Lost, Destroyed or Damaged Car

Lessee shall be responsible for and shall indemnify Lessor and hold Lessor harmless and does hereby release Lessor from (as provided in Article 10) the loss or destruction of, or damage to, the cars or any parts thereof, during the term; provided, however, Lessee shall not be responsible to the extent the then-prevailing Interchange Rules places responsibility upon a railroad subscribing to the Interchange Rules; and provided, further, that Lessee shall not be responsible to the extent that such loss, destruction or damage to the cars or parts thereof was caused by the negligence or willful misconduct of Lessor.

Notwithstanding anything contained herein to the contrary, Lessee shall be responsible for and shall indemnify Lessor and hold Lessor harmless and does hereby release Lessor from (as provided in Article 10) the loss or destruction of, or damage to, a car or any part thereof (except for that due to latent design or engineering defects) during the term of this Agreement which shall (i) be occasioned by the misuse or negligence of Lessee, its consignee, agent or sublessee, (ii) occur while such car is on the tracks of Lessee or any private siding or track, or at the loading or unloading facility of Lessee or its consignee, agent or sublessee, or on the track of any railroad that does not subscribe to the Interchange Rules or any private or industrial railroad or (iii) be caused by any commodity, other than Normal Wear and Tear due to the carriage of soda ash, which commodity may be transported or stored in or on such car.

Lessee shall notify Lessor of the loss or destruction of any of the cars within five (5) days of the date Lessee is advised of the occurrence of such event. The amount of loss resulting from the loss or destruction of a car shall be measured by its replacement value as determined under the Interchange Rules immediately at the time of such loss or destruction.

Article 10: Indemnification by Lessee

10.1 Damages, Losses and Injuries Due to Operation of the Cars

Except as otherwise provided by this Agreement, Lessee shall defend (if such defense is tendered to Lessee), indemnify and hold Lessor harmless from and against and does hereby release Lessor from, all claims, suits, liabilities, losses, damages, costs and expenses, including attorney's fees, (collectively referred to as "Claims") in any way arising out of or resulting from the condition, storage, use, loss of use, maintenance, or operation of the cars, except for any claims resulting from Lessor's negligence or willful misconduct. Lessee, upon request from Lessor, shall furnish evidence of insurance against liability for death, bodily injury or property damage with limits of not less than \$1,000,000 per occurrence, and if requested, Lessor shall be an additional insured under such insurance.

Lessor and Lessee shall cooperate with and assist each other in any reasonable manner requested, but without affecting their respective obligations under this Article 10 or Article 9, to establish proper claims against parties responsible for the loss or destruction of, or damage to, the cars.

10.2 Losses to and Damages Caused by Commodities

Except for those losses and damages produced by Lessor's negligence or willful misconduct, Lessor shall not be liable for any loss of, or damage to, commodities, or any part thereof, loaded or shipped in the cars, however such loss or damages shall be caused, or shall result, and Lessee shall be responsible for, indemnify Lessor against and hold Lessor harmless and does

hereby release Lessor from Claims therefor. In the event any of the cars or parts thereof, including all interior lading removal devices, special interior linings and items, if any, set forth in Item V of Exhibit A, and removable parts, if any, shall become damaged by any commodity loaded therein, Lessee shall be responsible for such damage, and shall indemnify Lessor against and hold Lessor harmless from, any such Claims therefor according to the same terms of indemnification set forth in Section 10.1.

10.3 Loss of Use of Car

Notwithstanding any provision contained herein to the contrary, Lessor shall not be liable to Lessee for Claims which result from the loss of the use of the car for any reason whatsoever.

Article 11: Taxes and Other Charges

11.1 Lessee Responsibility

Except as otherwise hereinafter provided, Lessee shall pay and indemnify and hold Lessor harmless from all

(a) taxes including, without limitation, any withholding, property (personal and real, tangible and intangible), value-added, sales, use, or stamp taxes; and

(b) license fees, assessments, charges, levies, imposts, duties, tariffs, customs, switching and demurrage including penalties and interest thereon levied or imposed by any federal, state, local or foreign jurisdiction upon or with respect to the cars, or Lessor's interest in such cars or this lease.

11.2 Lessor Responsibility

Notwithstanding section 11.1, Lessee shall not be responsible for and Lessor shall pay tax imposed by any federal, state, local or foreign jurisdiction which is imposed on or measured by Lessor's net income, capital, net worth or gross receipts (other than in the case of gross receipts taxes in the nature of sales, use or rental taxes), or resulting from any transfer of the Cars or the Lease by the Lessor, other than the transfer hereunder to Lessee.

Article 12: Assignment, Transfers, Encumbrances

All rights of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part, and/or Lessor may assign, pledge, mortgage, transfer or otherwise dispose of title to the cars, with or without notice to Lessee. In such event, this Agreement and all rights of Lessee hereunder or those of any person, firm or corporation who claims or who may hereafter claim any rights in this Agreement under or through Lessee, are hereby made subject and subordinate to the terms,

covenants and conditions of any chattel mortgage, conditional sale agreement, equipment trust agreement or other agreements or assignments covering the cars heretofore or hereafter created and entered into by Lessor, its successors or assigns, and to all of the rights of any such chattel mortgagee, assignee, trustee or other holder of legal title to or security interest in the cars; provided, however, that so long as Lessee is not in default hereunder Lessee shall be entitled to use the cars in accordance with the terms and conditions hereof. Any sublease or assignment of the cars permitted by this Agreement that is entered into by Lessee or its successors or assigns shall contain language which expressly makes such assignment or sublease subject to the subordination contained herein. At the request of Lessor or any chattel mortgagee, assignee, trustee, or other holder of the legal title to or security interest in the cars, Lessee at Lessor's expense shall letter or mark the cars to identify the legal owner of the cars and, if applicable, place on each side of each car, in letters not less than one inch in height, the words "Ownership Subject to a Security Agreement Filed with the Interstate Commerce Commission" or other appropriate words reasonably requested.

Any transfer or assignment of, or grant of a security interest in, this Agreement or any interest herein shall be subject to any such transfer, assignment or grant of a security interest set forth in any previous filing with the Interstate Commerce Commission ("ICC").

Article 13: Default by Lessee

If Lessee defaults in the payment of any sum of money to be paid under this Agreement and such default continues for a period of five (5) days after notice to Lessee of such default; or if Lessee fails to perform any material covenant or condition required to be performed by Lessee which failure shall not be remedied within ten (10) days after notice thereof from Lessor to Lessee; or if Lessee shall dissolve, make or commit any act of bankruptcy, or if any proceeding under any bankruptcy, or insolvency statute or any laws relating to relief of debtors is commenced by Lessee, or if any such proceeding is commenced against Lessee and same shall not have been removed within thirty (30) days of the date of the filing thereof, or if a receiver, trustee or liquidator is appointed for Lessee or for all or a substantial part of Lessee's assets with Lessee's consent, or if without Lessee's consent the same shall not have been removed within thirty (30) days of the date of the appointment thereof; or if an order, judgment or decree be entered by a court of competent jurisdiction and continue unpaid and in effect for any period of thirty (30) consecutive days without a stay of execution; or if a writ of attachment or execution is levied on any car and is not discharged within ten (10) days thereafter, Lessor may exercise one or more of the following remedies with respect to the cars:

(a) Immediately terminate this Agreement and Lessee's rights hereunder;

(b)Require Lessee to return the cars to Lessor at Lessee's expense, and if Lessee fails to so comply, Lessor may take possession of such car without demand or notice and without court order or legal process;

(c)Lease the cars to such persons, at such rental and for such period of time as Lessor shall elect. Lessor shall apply the proceeds from such leasing less all cost and expenses incurred in the recovery, repair, storage and renting of such cars, toward the payment of Lessee's obligations hereunder. Lessee shall remain liable for any deficiency, which, at Lessor's option, shall be paid monthly, as suffered, or immediately, or at the end of the term as damages for Lessee's default;

(d)Bring legal action to recover all rent or other amounts then accrued or thereafter accruing from Lessee to Lessor under any provision hereunder; or

(e)Pursue any other remedy which Lessor may have.

Each remedy is cumulative and may be enforced separately or concurrently. If Lessee fails to perform any of its obligations hereunder, Lessor, at Lessee's expense, and without waiving any rights it may have against Lessee for such nonperformance, may itself render such performance. Further, Lessee shall reimburse Lessor for all costs and expenses including reasonable attorney's fees expended by Lessor in the enforcement of its rights and remedies hereunder, and Lessee shall pay interest on any amount owing to Lessor from the time such amount becomes due hereunder at a rate per annum equal to the reference rate of the Bank of America NT&SA, such rate to be reduced, however, to the extent it exceeds the maximum rate permitted by applicable law. In addition, Lessee shall, without expense to Lessor, assist Lessor in repossessing the cars and shall, for a reasonable time if required, furnish suitable trackage space for the storage of the cars.

If applicable, Lessor shall be entitled to the remedies of a lessor under Section 1168 of the U.S. Bankruptcy Code.

Article 14: Delivery at End of Term

Lessee shall not redeliver the cars prior to the end of the term without the prior consent of Lessor. At the end of the term, Lessee, at its expense, shall deliver each car to Lessor, or to a subsequent lessee, at the point designated by Lessor (but not to exceed 500 miles from the location of the cars), empty, free from soda ash, and in the same good order and clean condition as it was delivered by Lessor to Lessee, ordinary wear and tear and repairs that Lessor is required to make pursuant to Article 9 excepted. Lessee shall, on demand, reimburse Lessor for the reasonable expense of cleaning any car that contains soda ash or such other cost which may be incurred to place a car in the condition described above provided Lessee shall

have the right, but not the obligation, to inspect any such cars as provided, and such inspection and the expense shall be governed by the procedures set forth in Article 4.

If any car is not redelivered to Lessor or not delivered to a subsequent lessee on or before the date on which the term ends or in the event that a car so delivered is not in the condition required by this Article 14, Lessee shall pay rental for each day that each car is not delivered as required herein or until each car is delivered in the condition required, at the prorated monthly rental rate set forth in Exhibit B. Lessee shall pay to Lessor on or before the last day of each month the amount Lessee is obligated to pay to Lessor for such month under this Article 14. In addition to any other indemnity provided herein and any payments to be made to Lessor hereunder, Lessee shall also indemnify and hold Lessor harmless from and against all Claims whatsoever, including those asserted by a subsequent lessee, arising out of, or as a result of, such late delivery or failure to deliver in the condition required, but not exceeding an amount equal to 150% of the monthly rental reserved to Lessor for each car, prorated for partial months.

Article 15: Warranties and Representations

LESSOR MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, AS TO THE CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR ANY OTHER MATTER CONCERNING THE CARS. During the term of this Agreement and so long as Lessee renders faithful performance of its obligations, Lessor hereby assigns any factory or dealer warranty, whether express or implied, or other legal right Lessor may have against the manufacturer in connection with defects in the cars covered by this Agreement.

Article 16: Status of Lessee

Lessee represents and warrants that, as of the date of this Agreement:

(a) Texasgulf Inc. is a corporation duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and is either duly qualified to do business and is in good standing in such other jurisdictions in which the business and activities of Lessee require such qualification or its failure to so qualify in such other jurisdiction will not have a material adverse impact on this Agreement.

(b) Lessee has full power to enter into this Agreement.

(c) The Agreement had been duly authorized, executed and delivered by Lessee, and constitutes a valid, legal and binding agreement, enforceable in accordance with its terms.

(d) No approval is required by Lessee from any governmental or public body or authority with respect to the entering into or performance of this Agreement.

(e) The entering into and performance of this Agreement will not conflict with, or result in a breach of, the terms, conditions or provisions of (i) any law, or any regulation, order, injunction, permit, franchise or decree of any court or governmental instrumentality and (ii) any indenture, agreement or other instrument to which Lessee is party or by which it or any of its property is bound.

(f) Lessee is neither an organization described in Section 48(a)(4) nor a governmental unit described in Section 48(a)(5) of the Internal Revenue Code of 1954, as amended.

Article 17: Right of Inspection

Lessor or its assignee shall have the right, at any reasonable time, and without interfering with Lessee's operations, to inspect the cars, by its authorized representative, wherever they may be located, for the purpose of determining compliance by Lessee with its obligations hereunder. Lessee shall use its best reasonable effort to obtain permission, if necessary, for Lessor or its authorized representative to enter upon any premises where the cars may be located.

Article 18: Reports and Notices

18.1 Car Movement

Annually, in writing, Lessee shall report to Lessor the mileage of the cars.

18.2 Notification of Damage or Injury

Lessee shall notify Lessor, within a reasonable period of time, of any accident or malfunction in connection with the operation of the cars, including in such report the time, place and nature of the accident, the damage caused to any property, the names and addresses of persons injured and of witnesses, and other such information as may be pertinent to Lessor's investigation of such accident.

18.3 Notification of Liens

Lessee shall notify Lessor within five (5) days after any attachment, lien (including any tax and mechanics' liens), or other judicial process attaches to the cars.

18.4 Report of Location

Within five (5) days after receipt of written demand from Lessor, Lessee shall give Lessor notice of the location of the cars to the best of its ability.

18.5 Addressing of Notices

All notices required or permitted hereunder shall be in writing and shall be deemed delivered upon actual receipt. Such notices shall be delivered to the respective parties hereto by personal delivery thereof or by telegram, telex, telecopier or deposit in the United States mail as certified or registered matter, return receipt requested, postage prepaid, and addressed to the respective parties as set forth in Exhibit B, unless otherwise advised in writing.

Article 19: Compliance With Laws

Lessee shall comply with all governmental laws, rules, regulations, requirements and the Interchange Rules (collectively referred to as the "Rules") with respect to the use and operation of the cars, and if the cars have any interior lading protective devices, special interior linings and items, if any, set forth on Exhibit A, or removable parts, the maintenance of such devices, linings or parts. Lessor shall further comply with the Rules in the event such Rules require a change or replacement of any equipment or appliance on the cars or in case any additional or other equipment or appliance is required to be installed on the cars (collectively referred to as "Alterations"). If such Alterations are required, Lessor shall have a reasonable period of time (not exceeding 180 days) to make such Alterations and return such car or cars to Lessee or terminate this Lease with respect to such car or cars. Lessee shall deliver the cars to such shop or shops and at such time or times as Lessor shall designate for the purpose of making any Alterations. Rental charges for such car or cars shall abate from and after the date when such car is so delivered by Lessee to the railroad for movement of such car to the designated repair shop until it is returned to service. If a car is altered in accordance with this Article 19, the rental rate for such a car for each month after such a car is altered shall be determined in accordance with Exhibit B.

Article 20: Administration of Agreement

The parties hereto recognize and acknowledge that IMI may be acting under management agreements as agent for certain principals which shall be identified to Lessee by IMI from time to time. Such principals shall, from time to time, be set forth in Exhibit D to this Agreement. IMI at any time, and from time to time, shall have the right to add principals (and amend or supplement Exhibit D to include such principals) and upon so doing shall notify Lessee; provided, however, that notwithstanding the date of such notification, such principal(s) shall be deemed a Lessor hereunder effective as of the date the cars owned by such principal and managed by IMI are delivered to Lessee. Any amended or supplemented Exhibit D shall, from time to time, be delivered to Lessee. Lessee agrees to cooperate with IMI and any principal for the purpose of complying with any reasonable requirements of any lender, the ICC or the provisions of Article 9 of the Uniform Commercial Code provided such cooperation does not affect the rights or liabilities of Lessee hereunder. Except as otherwise provided in Article 12, this Agreement shall

be administered by IMI or such other third person or entity as IMI may from time to time identify; provided, however, that any such assignment to such third person or entity shall not be effective against Lessee until Lessee is so notified of such assignment.

Article 21: Miscellaneous

21.1 Entire Agreement

This Agreement, together with any and all exhibits attached hereto, constitutes the entire agreement between Lessor and Lessee and it shall not be amended, altered, varied or changed except by written agreement signed by the parties hereto. This Agreement is intended to cover all rights to indemnity between the parties hereto. No waiver of any provision of this Agreement nor consent to any departure by Lessee therefrom shall be effective unless the same shall be in writing signed by both parties, and then such waiver of consent shall be effective only in the specific instance and for the purpose for which given.

21.2 Governing Law

This Agreement shall be interpreted under and performance shall be governed by the laws of the State of California.

21.3 Conflict with Interchange Rules

This Agreement shall govern in the event the Interchange Rules conflict with any provision of this Agreement.

21.4 Severability

If any term or provision of this Agreement or the application thereof shall, to any extent, be invalid or unenforceable, such invalidity or unenforceability shall not affect or render invalid or unenforceable any other provision of this Agreement, and this Agreement shall be valid and enforced to the fullest extent permitted by law.

21.5 Headings

The headings that have been used to designate the various Sections and Articles hereof are solely for convenience in reading and ease of reference and shall not be construed in any event or manner as interpretative or limiting the interpretation of the same.

21.6 Survival

All indemnities contained in this Agreement shall survive the termination hereof. In addition, the obligation to pay any deficiency as well as the obligation for any and all other payments by Lessee to Lessor hereunder shall survive the termination of this Agreement.

21.7 Assignment of Rights

Except as otherwise provided in Section 8.4 and Article 12, this Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed and delivered as of the date first above written.

PLM INVESTMENT MANAGEMENT, INC.

DATE: _____

By *Robert A. Zucchi*

TEXASGULF INC.

DATE: _____

By *Earl L. Huntington*
/ EARL L. HUNTINGTON
VICE PRESIDENT

LEG-095

EXHIBIT A

NUMBER AND DESCRIPTION OF ITEMS OF EQUIPMENT

I. NUMBER OF ITEMS OF EQUIPMENT:

One hundred eighty (180)

II. DESCRIPTION OF ITEMS OF EQUIPMENT

100 ton, 4,750 c.f. covered hopper cars

III. THE ITEMS OF EQUIPMENT MAY BE USED ONLY FOR THE TRANSPORTATION OF THE FOLLOWING TYPES OF COMMODITIES:

Soda ash

IV. USE OF THE ITEMS OF EQUIPMENT OUTSIDE BOUNDARIES OF CONTINENTAL UNITED STATES:

The cars may be used in international service to and from Canada and Mexico.

V. SPECIAL ITEMS:

None

VI. CAR NUMBERS:

See Schedule 1 attached hereto.

EXHIBIT B

DELIVERY; RENTAL RATE; TERM

I. ANTICIPATED DELIVERY PERIOD:

June - August, 1986

II. PLACE OF DELIVERY:

Salt Lake City, Utah

III. COST OF DELIVERY TO BE BORNE BY:

Lessor

IV. RENTAL RATE:

\$150.00 per car per month

V. MILEAGE ALLOWANCES TO BE FOR THE ACCOUNT OF:

Lessee

VI. MAINTENANCE RESPONSIBILITIES OF LESSOR:

None

VII. TERM:

Five years

VIII. ADDRESSING OF NOTICES:

Lessee to Lessor

PLM Investment Management, Inc.
655 Montgomery Street
Suite 1200
San Francisco, California 94111

Lessor to Lessee

Texasgulf Inc.
P.O. Box 10037
High Ridge Park
Stamford, Connecticut 06904-2037
Attn: Treasurer

with copies to:

Texasgulf Chemicals Company
P.O. Box 30321
Raleigh, North Carolina 27622-0321

EXHIBIT C
CERTIFICATE OF ACCEPTANCE OF
RAILROAD CAR

This Certificate relates to the cars listed below leased by PLM Investment Management Inc., to Texasgulf Inc. under a Lease Agreement for cars dated August 5, 1986 (the "Lease") into which this Certificate is incorporated (by Article 4 thereof).

Railroad Car Numbers

See Schedule 1 attached hereto.

Lessee hereby certifies its acceptance of the cars.

Lessee hereby certifies that the representations and warranties of Lessee contained in the Lease are true and correct on the date hereof.

Executed: June 30, 1986

TEXASGULF INC.

By _____

(Title): _____

TEXASGULF CHEMICALS COMPANY

180 CARS

11128	11661	11768	11788	11863
11130	11662	11769	11789	11864
11131	11663	11770	11790	11865
11132	11664	11771	11791	11866
11133	11665	11772	11792	11867
11134	11666	11773	11847	11868
11136	11745	11774	11848	11869
11137	11746	11775	11849	11870
11138	11754	11776	11850	11871
11139	11757	11777	11852	12318
11140	11758	11778	11853	12379
11141	11759	11779	11854	12380
11143	11760	11780	11855	12381
11144	11761	11781	11856	12382
11145	11762	11782	11857	12383
11146	11763	11783	11858	12384
11147	11764	11784	11859	12385
11148	11765	11785	11860	12386
11149	11766	11786	11861	12387
11150	11767	11787	11862	12388

12389		12420		12586		12616	
12390		12421		12587		12619	
12391		12422		12588		12620	
12392		12423		12589		12621	
12393		12424		12590		12624	
12394		12425		12592		12625	
12395		12426		12593		12643	
12396		12427		12594		12645	
12397		12428		12595		12647	
12398		12429		12597		12648	
12410		12430		12599		12649	
12411		12431		12600		12650	
12412		12432		12601		12652	
12413		12433		12604		12653	
12414		12434		12606		12654	
12415		12435		12607		12656	
12416		12581		12608		12657	
12417		12583		12612		12658	
12418		12584		12613		12659	
12419		12585		12615		12660	

EXHIBIT D

<u>Name of Principal</u>	Car Numbers of Cars Owned <u>Address of Principal</u>	<u>by Principal</u>
RMI Covered Hopper Railcar Management Program 79-1	655 Montgomery Street San Francisco, CA 94111	See Schedule 1 to be provided

20 1974 Remac jumbo covered
hopper cars (refurbished 1984)

Road Nos.: PLMX20001

PLMX20002

PLMX20003

PLMX20004

PLMX20005

PLMX20006

PLMX20007

PLMX20008

PLMX20009

PLMX20010

PLMX20012

PLMX20013

PLMX20014

PLMX20015

PLMX20016

PLMX20017

PLMX20018

PLMX20019

PLMX 20020

PLMX 20021

The railcars bearing the above road numbers are covered by that certain Lease Agreement for Railroad Cars between PLM Investment Management, Inc., as lessor, and American Maize-Products Company, as lessee, dated June 16, 1986.

11 Bunderson intermodal container flatcars

Road Nos.

SP513350

SP513351

SP513352

SP513353

SP513354

SP513355

SP513356

SP513357

SP513358

SP513359

SP513360

The railcars bearing the above road numbers are covered by that certain Lease Agreement for Railroad Cars between PLM Investment Management, Inc., as lessor, and Greenbrier Leasing Corporation, as lessee, dated December 16, 1986.